



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 31, 1998

H.R. 2993

A bill to provide for the collection of fees for the making of motion pictures, television productions, and sound tracks in National Park System and National Wildlife Refuge System units

As ordered reported by the House Committee on Resources on June 17, 1998

SUMMARY

H.R. 2993 would direct the Secretary of the Interior to establish fees for commercial filming and similar activities conducted on public lands, and would authorize agencies within the Department of the Interior (DOI) to retain and spend without further appropriation any resulting receipts. The Secretary would develop regulations to establish a schedule of rates, which would be based on factors such as the number of persons on site and the duration of filming. The bill would authorize the Secretary to reduce fees if the activity provides clear educational benefits for the department and would exempt from any fees newsreels, television news productions, and some commercial photography.

CBO expects that enacting H.R. 2993 could affect the federal budget by changing collections of offsetting receipts and the use of such receipts; therefore, pay-as-you-go procedures would apply. Any change in offsetting receipts would be matched by an equal change in spending, though not necessarily in the same fiscal year, resulting in no net impact on direct spending over time. CBO estimates that any increases or decreases in offsetting receipts would probably be at most a few million dollars a year. The bill contains no intergovernmental or private-sector mandates as defined in Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

COMMERCIAL FILMING ON PUBLIC LANDS UNDER CURRENT LAW

Under current law, the Forest Service (which is in the Department of Agriculture) and most land management agencies within DOI already allow commercial filming and similar activities on lands they administer. The vast majority of films made on these lands are commercials or other short-duration projects, such as still photography; only a handful made

each year are full-length feature films. All of the land management agencies are allowed to charge some fees for filming on public lands, but the rates they are allowed to charge, the basis of those charges, and the rules governing spending of the resulting proceeds vary widely.

The Forest Service (which is authorized to set market-value rates for filming in national forests) charges up to \$600 per day for the 1,500 to 2,000 permits it issues annually. The Forest Service collected an average of about \$400,000 over the last three years from such fees, which it returned to the general fund of the Treasury. The agency also may charge a \$200 application fee and may recover other direct costs, if any. The Bureau of Land Management (BLM) has authority similar to that of the Forest Service and charges between \$100 and \$750 per day as a land rental fee. Receipts from rentals are returned to the Treasury, but the agency is allowed to retain and spend additional fees collected for processing applications and for cost reimbursement. In the few instances where the agency imposes such additional fees, they range from \$200 to \$1,000 per application. BLM issues between 300 and 400 applications annually, which CBO estimates earn the federal government less than \$100,000 a year in total.

The National Park Service (NPS) and the U.S. Fish and Wildlife Service (USFWS) are more limited in their authority to charge fees because they may not impose fees that are greater than the amounts necessary to cover the cost of processing of applications and the direct costs of activities attributable to the filming, such as on-site monitoring. After the Forest Service, the NPS issues the most filming permits—over 900 for each of the last three years. On average over this period, the NPS earned \$1 million or less per year, or about \$1,000 per film, which includes application fees and cost reimbursements as well as small donations (about \$50 per film). All of these amounts were retained and spent by the agency. The USFWS, which currently issues fewer than 100 permits per year, imposes no charge for processing applications or cost recovery.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO cannot estimate the amount of offsetting receipts that would be earned from enacting the new authorities contained in H.R. 2993. Nevertheless, because the bill also provides authority to spend whatever new receipts are earned, we estimate that enacting the bill would have no significant net impact on the federal budget over the next several years.

The major potential budgetary impact of the bill would be on the NPS, but because the bill's effect would depend on many behavioral factors that cannot be predicted with confidence, it is difficult to estimate how much the NPS would earn and spend under H.R. 2993. Based

on information provided by that agency, we expect that it would most likely follow the fee structure used by the Forest Service. It is not clear whether adopting this structure would result in any additional receipts. In fact, based on the limited information available, it appears that the NPS already earns more on commercial filming than the Forest Service—on fewer permits. The most likely reason for this is the relatively high amounts collected by the NPS as cost recovery, probably because filming on NPS sites generally requires more monitoring and agency resources. (In contrast, the Forest Service seldom provides much on-site assistance.) It is also possible that longer, more personnel-intensive films are shot at NPS sites or that the agency waives fees less often than Forest Service does for educational films.

The NPS might earn additional fee receipts under H.R. 2993 because the new authority to increase rates over actual costs, and the incentive provided by allowing more money to be spent without appropriation, may induce the agency to promote filming on its lands. In addition, adopting the Forest Service fee schedule would probably result in higher fees on some films because the NPS could add up to \$600 per day to the amounts it already charges for processing applications and recovering other direct costs. It is also possible, however, that the agency would lose some collections if it raises its fees because the number of films made in park units could drop in response. In either case, CBO does not expect the impact on receipts to be great. The most the agency could lose is the \$1 million that it now collects each year. Potential gains could be more, but we estimate that they would total no more than a few million dollars a year.

It is possible that the bill would have little or no impact on NPS filming activities, particularly if other, nonmonetary factors do not change. For example, the film industry has indicated that an important factor in its choice of filming sites is agency cooperation. As a result, many film makers use Forest Service or nonfederal lands rather than NPS sites because applications are processed more quickly and their presence is more readily accepted. Thus, the industry may continue to use lands administered by the Forest Service (whose rates could be considerably lower than those of the NPS under the bill) or owned by private parties or other governmental entities (some of whom presently charge more than any federal agency).

CBO expects that the bill would have little effect on the budget of the USFWS because that agency, which would be very likely to charge fees once it has the authority to do so, would probably not promote more filming on its lands for environmental reasons. We also expect that the bill would have little impact on BLM, which would be allowed to retain receipts from land rentals that currently are returned to the Treasury. BLM already charges fees that are close to those that the Forest Service now charges or that the NPS would charge under the bill. BLM would be unlikely to increase its rates under the bill because higher fees would

be uncompetitive. Spending the portion of the \$100,000 a year it now returns to the Treasury would not have any significant impact. Finally, H.R. 2993 would have no effect on the Forest Service, which is excluded from the bill's provisions.

This estimate is based on information obtained from the Association of Independent Commercial Producers, the Motion Picture Association, and federal agencies, including DOI, the Forest Service, the NPS, BLM, and USFWS.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. H.R. 2993 would probably affect direct spending but CBO cannot estimate the amount of new offsetting receipts and spending that would result from enacting this bill. CBO estimates that the net impact on direct spending would be negligible over the next several years.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2993 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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